Analysis & Design of Performance Management Framework; A study on it's effectiveness in Consulting Industry in India

A

Synopsis

Submitted in partial fulfilment for the requirement of

Doctor of Philosophy

In

Management

Submitted by

Dhruv Chopra

Under Supervision of

Prof. Shalini Nigam
Supervisor
Department of Management
Faculty of Social Sciences
DEI (Deemed University)

Prof. D.K. Banwet
Co-Supervisor
Emeritus Professor
IIT Delhi

DEPARTMENT OF MANAGEMENT, FACULTY OF SOCIAL SCIENCES
DAYALBAGH EDUCATIONAL INSTTUTE (DEEMED UNIVERSITY)
DAYALBAGH, AGRA – 282005
2021

Section – 1

1.1 Introduction

In an ever changing workforce today, it is imperative for an organisation to keep their resources aligned with the strategic objectives of the firm. A workforce today needs to have an agile and adept Performance Management (PM) process. Organisations are expanding their reach across geographies and embracing skills with efficient usage of information and communication technology (ICT). This makes it critical for the management to have an agile PM process which has no geographic boundaries attached to it and caters to the disruptive and evolving workforce to have their strategic alignment intact. While the nature of work and the workplace have grown more data-driven and analytical, performance management has not kept pace. Perennial complaints — rigidity, opacity, unfairness, arbitrariness, and an inherent backward-looking bias — persists (MIT Sloan review, 2019).

As a process, Performance Management (PM) as a process is an ongoing activity of communication between a supervisor and an employee in order to accomplish a strategic objective of the organisation. This communication involves providing clarification of doubts, setting objectives, providing feedback and reviewing the final output (UC Berkley, 2020). Similarly, the NAHT (NAHT, 1991) describes PM as ``a process that links people and jobs to the strategy and objectives of the organisation".

Practice of one time yearly appraisal and goal setting, annual feedback and ratings to fit in the curve are passé, the ever evolving human capital of the organisation demands objective and consistent feedbacks, incentives with respect to flexibility of workplace culture, recognitions, agile objectives and next level challenges in quick succession. The performance management (PM) revolution is in full flight and across all industries and geographies companies are re-evaluating every aspect of their programs, from goal-setting, assessment to incentives and rewards. Organizations are aligning these changes to both business strategy and the on-going transformation of work. While all the tools are not here yet, there is evidence that the new rules of performance management are understood and working well like adept goal setting processes and regular and continuous feedbacks are becoming common and the impact of individual's performance affects the team's effectiveness is also critical to measure. (Solan, Agarwal, Stacia, & Pastakia, 2017). The goal of performance management is to enhance the performance of an individual and the organisation by evaluating and rewarding performance in an equitable and reliable manner. The challenge which the organisations are facing today is to implement

a system that meets the diverse and often tangential needs of the various stakeholders of the process. There is no one-size-fits-all approach to managing performance and having a 'right' approach in place depends considerably on the context of each organisation (Alaganandan & Ganesh, 2016). Though there are various PM applications and tools available in the market, it is post the usage of such tools that the effective value and the return on investment can be calculated. Each tool/application can make the user interface easier and more accessible but it is the framework and functionality which captures the fundamental essence of the application. Many companies, such as GE, the Gap and Adobe Systems have dropped ratings, rankings, and annual reviews. These companies are in the process to build objectives that are more fluid and changeable than annual goals, frequent feedback discussions rather than annual or semi-annual ones, forward-looking coaching for development rather than backward-focused rating and ranking, a greater emphasis on teams than on individuals. Also how performance related incententives should get replaced by an increased and competitive base pays and incentives to avoid demotivations on marginal differences have been highlighted and proposed. (Ewenstein, Hancock & Komm, 2016).

While stories of performance management transformation are inspiring organizations to critically evaluate their own processes, they often result in more questions than answers. For example, many organizational leaders are intrigued by the idea of replacing cumbersome reviews with empowering conversations but wonder how to achieve this goal while still rewarding employees fairly. This challenge is especially acute for small and midsize organizations that may not have the resources to acquire costly technology or training programs to support massive changes. (Mueller-Hanson & Dorsey, 2017).

1.2 Consulting Industry in India

The Consulting Industry in India has grown at fast pace and reaching new heights all across the world. It's time for the industry to create an action plan to exploit the tremendous potential available for growth of consulting market by strengthening the framework of Indian consulting industry by imbibing innovation, nurturing talent, improving the quality of consulting services, and enhancing skills for workforce. With compounded growth rate of more than 30% and constant increase in demand for consulting services, the industry till 2020 is poised to become an ~INR 27000 crore

behemoth and could absorb about 2 lakh plus workforce in this growing sector as per reports of The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

There are more than 6000 consultancy firms and majority are placed out of metro cities like Delhi, Mumbai, Kolkata and Chennai. Major strengths of Indian consultancy firm over the consultancy organizations of developed economies are professional competence and skills, low cost framework, flexible approach, high learning agility, business acumen and critical interpersonal skills. Moreover, their expertise in diverse areas and familiarity with the local conditions are a few other reasons that help them to score over the global players (Budhiraja, 2020).

The Consulting Industry offers various services like related to Cyber Security, Management Consulting, Business Advisories, Strategy and Technology Consulting, Compliance and Financial Risk regulatory services and many other offerings which are upcoming like Forensic Services and Digital Transformation practices for organisations. With change in times the service offering bouquet would keep on growing as per the demand expected from this industry to innovate and improvise to meet the requirements of organisations in this complex business ecosystem. This industry is highly human intensive and requires continuous updation and skill enhancement of it's workforce to be relevant in changing times. Consulting firms pay a lot of attention and focus in upskilling their workforce by building in-house training platforms and giving access to external training courses as well, with human capital the critical asset for the industry, focus on talent development is essential and plays a significant role.

The scope of this industry to grow in India is extensive and if we compare one of the many offerings of Consulting industry with US i.e. Management Consulting, for this offering in 2019, the top consulting firms in the US by prestige rating were McKinsey & Co, followed by the Boston Consulting Group (BCG) and Bain & Co. McKinsey and Company also was ranked as the best employer to work for. The BCG stood second, followed by Bain & Company.
The number of people employed in management consulting in the United States has grown annually over the past five years and in 2018 there were close to 684,000+ management consultants employed in the U.S. Despite the increasing number of consultants, finding and retaining good employees was one of the leading business challenges for management consulting firms. The most persistent issue for

companies was attracting and developing new businesses, with 79 % of senior leadership citing this a leading challenge. (Statista, 2020)

Section – 2

2.1 Literature Review

Performance Management as a concept and process is relevant for organisations for years and it has become important to study how transformation in today's times is impacting the Performance Management (PM) process. It is a continuous process through which the employee gets greater clarity about what their organisation is trying to achieve. Understand what is expected of them in their job and are entitled to regular feedback on how well they are doing. This is only possible if they have continuous support from their managers and have an opportunity to assess their overall performance achievements over a given period (NAHT,1991).

Strategic alignment of objective of the organisation and goals for the teams along with regular check-ins have been defined as a basic contour of the process, also the cycle involves planning, checking In and review (UC Berkley, 2020). There has been studies conducted where the critical aspect of alignment of business objectives and career progressions have been discussed. Impact of managers not having a fair and transparent conversations with their teams and lack of having difficult conversations leads to non-proportional setting of expectations. Linking of performance assessment to personal development for career progression and its financial implications are also critical (Alaganandan & Ganesh, 2016).

Performance management culture where the conversations with the managers are not open and lacks transparency, yearly assessment is an outdated one and workforce eyes a real time feedback discussions. Coaching the employees and empowering employees with real time data will assist them to improve on the go and will increase teams' and organisations' effectiveness (Schrage, Hancock, Kiron & Berschi, 2019).

Also, in the recent times Performance management's evolution is in full flight and across all industries and geographies companies are re-evaluating every aspect of their programs, from goal-setting, assessment to incentives and rewards. Organizations are aligning these changes to both business strategy and the on-going transformation of work. There is evidence that the new rules of performance

management are understood and working well like adept goal setting processes and regular and continuous feedbacks are becoming common practices. Coaching of managers and their upskilling is an important aspect captured by the authors (Solan, Agarwal, Stacia, & Pastakia, 2017).

There are also studies where it is specified that companies are moving towards non bell curve related performance measurement and having set flexible goals with competitive base salaries for motivation rather than being driven by performance linked incentives only (Mckinsey,2016). The idea of abandoning the traditional appraisal process in on rise, companies like Adobe, Dell, Microsoft, Juniper systems and IBM have led the way. They are joined by services firms like Deloitte, Accenture, PwC, early adopters like Gap, Lear, Oppenheimer Funds and General Electric (GE), a pioneer for traditional appraisals are also replacing annual reviews with frequent, informal check-ins between managers and employees (HBR,2016). Also, in current times work life balance has have become an important factor in taking or selecting jobs post the pay incentives. Even length of commute was critically analysed as a factor in selecting a job and long term job security. This is a trend which is catching up faster in today's intrinsically connected world (French, 2018). Today's young and dynamic workforce needs more transparency in the culture of the organisation, work from home or place remotely enables the organisation to make them more efficient but the institution should find out ways to keep them engaged (Kurtor, 2018). Training to the raters is also a critical cog on the process. Irrespective of the size of organisation if an organisation focuses more on performance measurement and improvement objective and rather than mid year or annual appraisals, only then Performance Management will make a difference to an institute. Good governance and IT implementation to process continuous feedbacks has been emphasised in this report (Mueller-Hanson & Dorsey, 2017).

Feedback and Feed forward are essential for past and future course correction, these conversations should happen regularly. Errors/biases (selective exposure, selective perception, and selective retention) committed by raters should be focussed upon and it's essential to take the corrective actions, in overall performance review 360 degree feedback can play a critical role (Aguinis, H, 2013).

Value and trust which is bestowed upon the Performance Management process by the leadership is important and also the fact that the employees understand the value created for them of this process. This process will be extremely effective if the goals are set as per the strengths of the employees and

feedbacks are shared on a regular basis rather than on quarterly/bi-annual basis. Managers should keep in mind while handling a team to avoid micro management and empower employees more, express clear vision and strategy to the team members to be more result oriented. Author in his various publication has highlighted the alignment of individual goals with organisation objectives & its criticality. Essential aspect of regular feedback sharing and how an unbiased feedback will add value in the performance management process. Automation of the PM process is imminent too and hence the legal aspect around the same should be given due consideration, along with it being straightforward and user friendly (Pulakos, 2004; Pulakos, 2009 & Pulakos, Mueller-Hanson, Leary & Meyrowitz, 2012).

In other paper author has emphasised on the reasons for companies moving away from a traditional appraisal process with more focus on people development especially at consulting and other professional services firms, where knowledge work is the offering—and where inexperienced college grads are turned into skilled advisers through structured training by putting them responsible for their own growth journey in the organisation. This personal development will only be effective if the manager does her/his better job of coaching and allows team members to process and apply the suggestions more effectively and efficiently. Also in today's time the projects are getting shorter and they tend to change in the way, so a one time setting up of goal can not be an option, agility in goal setting will bring in more accuracy for the objectives. However, with this agility there are challenges as well that the organisations are facing like differentiated rewards, traditional approach gave clear way of tying rewards to individual's contribution, but with improvised process they still differentiate between awards but basis the qualitative judgement rather that numeric matrix (Peter & Anna, 2016).

To go away with the qualitative judgements that can invite biasness it is essential to develop conscious leaders. A conscious leader is one who imbibes integrity in her/his actions, leads with authenticity and holds one accountable, one who is self-aware, checks ones influences of the closest group of people s/he associated with, meditates, be intentional in the tasks in every aspect and to not make assumptions & always does her/his best (Jennifer, 2018). Procedural fairness in the Performance Management driven by human intervention is a critical foundation to be studied and in the recent research it is suggested that to perceive the PM process fair, three things are to be adhered to:

Transparently link employees' goals to business priorities and maintain a strong element of flexibility, Invest deeply in coaching skills of Managers to help them become better arbiters of day-to-day fairness, and To Reward top performance for some roles, while also managing converging performance for others, Empower managers to keep things simple and clearly explain the reasons for a pay decision and employees can understand them.

It is also suggested that grading system still plays a vital role in determining the pay per performance structure and is critically analysed in the organisations effectively (Hancock,Hioe & Schaninger, 2018). Though Performance Management as a process is now being reviewed and is subject to change in various organisations but it's subject to flexibility is dependent on it's implementation in a Traditional Organisation or in an Agile organisation. Traditional organisations are the ones which were designed primarily for stability had a structured hierarchy and goals and decisions flowed from the top and trickled downwards. These organisations operated through linear planning and often considered rigid in it's approach. However, Agile organisation is one that is made up of network of teams and has people centered culture and hence rapid learning and fast decision cycles enabled through technology are it's features. These organisations adds speed and adaptability even in VUCA (Volatile, Uncertain, Complex and Ambiguous) conditions. Performance Management in agile organisation can be effective if the results for set goals are discussed transparently and frequently. Essential to clarify roles that a manager or a leader has to play, collect inputs from various stakeholders and sources and focus on continuous and ongoing feedback. Also focus on differentiating consequences like focusing on rewards basis different mind sets or behaviour and to even focus on Non-Monetary rewards like increasing intrinsic motivations by providing flexible-work benefits and even like taking pro-bono assignments. (Darino, Sieberer, Vos & Williams, 2019)

The causal mechanism in the Performance Management process is based on certain management theories which highlights the employees' motivation and the goal setting objective in an organisation namely; Goal Setting Theory by Locke (MSG, 2020), Expectancy theory by Vroom (MSG, 2020), Feedback Intervention Theory by Kluger and DeNisi, (CIPD, 2016) and Equity Theory by Adams (CIPD, 2016).

Table 1: Synthesised Matrix of Literature Review on Performance Management

Review of Literature in Matrix Form									
S.No	Author	Year	Performance Management Variables						
			Skills & Competencies	Flexibility/Pay-Per-performance	Biasness in Evaluation	Grading/Ranking	Goals/Criteria	Continuous Feedback	Relatable Past Performance
1	NAHT- Performance Management Guide	1991	✓				✓	✓	
2	Alaganandan, P. & Ganesh, S.	2016			✓		✓		
3	Solan, N., Agarwal, D., Stacia, G., & Pastakia, K.	2017	✓				✓	✓	
4	Schrage, M., Kiron, D., Hancock, B. & Berschi, R	2019			✓				
5	UC Berkley, People & Culture	2020					✓	✓	
6	Ewenstein, Boris., Hancock, Bryan., & Komm, Asmus.	2016		X	✓		✓	✓	
7	Mueller-Hanson, R. A. & Dorsey, D	2017	✓	✓	✓	✓	✓	✓	
8	Islami, X., Mulolli, E., & Mustafa, N.	2018		✓				✓	
9	Pulakos, E. D., Mueller-Hanson, R. A., O Leary, R. S., & Meyrowitz, M. M.	2012	✓		✓		✓	✓	
10	Pulakos, E. D.	2009	✓			✓	✓	✓	
11	Aguinis, H. (2013)	2013	✓	✓	✓	✓		✓	✓
12	SHRM	2019	✓						
13	French, Katie	2018		✓					
14	Kurtor, L. H.	2018		✓					
15	Bracken, D.W., Rose, D.S., & Church, A.H.	2016	✓			✓		✓	
16	Locke, E.A., & Latham, G.P	1990	✓				✓	✓	
17	Popova, Maria.	2014	✓						
18	SHRM	2004			✓	✓	✓	✓	
19	Robert S K, & Norton D.P.	1992					✓		
20	Rillo, M.	2007							
21	Neely, A., Adams, C, & Kennerley, M.	2002					✓		
22	Cappelli, Peter., & Tavis, Anna.	2016	✓		✓			✓	✓
23	Ratliff, Kate., & Smith, Colin.	2017			✓				
24	Cohen, Jennifer.	2018			✓				
25	Project Implicit	2011			✓				
26	Hancock, Bryan., Hioe, Elizabeth., & Schaninger, Bill	2018	✓		✓	✓	✓	✓	
27	Darino, Lucia., Sieberer, Marcus., Vos, Arthur., & Williams, Owain	2019				✓	✓	✓	
28	Management Study Guide	2020	✓				✓		
29	Chartered Institute of Personnel Development, (CIPD),2016	2016	✓				✓	✓	

2.2 Gap Identification in existing tools, theories and Literature related to Performance Management

The **Balanced Scorecard [BSC]** is a strategic planning tool developed by Kaplan and Norton and is based on a four dimensional framework, where each dimension represents a different set of stakeholders: Learning and Growth; Internal Business Processes; Customers; and Finance. According to the authors, the BSC is based on the rationale that skilled employees will improve process quality and cycle time, which therefore leads to on-time delivery and customer loyalty. At the end of the chain of improvements, the organization is very likely to achieve higher returns on investments and, consequently, shareholder satisfaction. Compared to the other performance measurement tools that focused on financial metrics alone, the BSC focuses on three additional performance metrics (customer, internal process, and learning and growth) to provide a holistic performance outlook (Kaplan & Norton, 1996).

The objective of Balanced Scorecard is to translate organisational vision and strategy into a specific objectives and measures in four main perspectives: finances, customers, internal business processes and learning/ growth. Managers today are acting in such a complex environment that setting right objectives and following them appropriately is absolutely vital to ensure the sustainability and development of any organisation. It has also been discussed that in order to follow the objectives accurately, it is very important to monitor the achievement of those objectives by using as optimal and as strategy-focused measurement system as possible (Rillo, 2007).

The aspects of rapidly changing business environment focuses on being aware of the external factors that can influence it's function and process. Neely (2002) argues that the most difficult problem of Balanced Scorecard is that it lacks several important interest groups in its structure: such as suppliers, co-operation partners and close neighbours. And also recommends that instead it would be feasible to use a performance prism methodology as a possible source for adding new interest groups to the framework of Balanced Scorecard.

The **Performance Prism** has five perspectives compared to four of the BSC. These are stakeholder satisfaction, stakeholder contribution, strategies, processes, and capabilities. The Performance Prism considers the stakeholder perspective as the most important. Organizations have to consider who their

key stakeholders are and what they want. Once an organization has addressed the needs and wants of the key stakeholders, then it turns to the strategy perspective. The strategy perspective is about the goals and the roadmap to satisfy those needs and wants. It involves performance measures to track strategy execution, strategy communications, incentivize implementation and monitor implementation (Neely, Adams & Kennerley, 2002). The Performance Prism was thus considered to be a viable alternative to BSC since it solves the problem of the exclusion of stakeholders other than the customer; directs organization to use stakeholder needs to develop goals and strategies, promotes inter-organizational innovation and defines capabilities and engagement.

This clearly highlights that understanding and recognition of external and internal factors is crucial for a business to sustain and flourish. Though BSC and Performance Prism talks about these factors to be considered but having broad multi-dimensional strategic objective can make a team or even an employee lead towards confusion, uncertainty and indecision. Limited employee manager relationship, lack of structured feedback mechanism, lack of skill, virtues specific work, tasks aligned process and limited relevance to historic performance for further improvement in operations makes the researcher highlights the limited effectiveness of previous frameworks in Performance Management space in current dynamic business environment. Through VIBGYOR framework researcher highlights that holistically with consultations and conversations of employees and managers, internal set goals and criteria along with the external factors are recognised, validated and notified to make the set objectives more adaptable, achievable, relevant and realistic. Multiple frequent discussions can on individual or team basis reform the yardstick setting within an year (if required) and make the team member more inclined and re-aligned towards the desired trajectory.

Even in some organisations where **Management by Objectives (MBO)** is considered to be the fundamental foundation for performance management, the setting up of objectives and yardsticks does instill a lot of autonomy and sense of fulfilment in the employee. But this has led to sometimes setting up of unrealistic expectations which are then difficult to accomplish.

Goal Setting Theory of motivation proposed by Edwin Locke emphasises on specific and challenging goals that give directional guidance to an employee. Determines what needs to be done and how much effort is req**ui**red to be put in. A goal needs to be specific, clear, realistic and challenging with

consistent feedback shared so that employee behaviour can be directed towards higher performance. Commitment towards the assigned goal and self confidence of an employee to complete a specific goal is assumed in the theory (MSG, 2020).

The **Expectancy theory** states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort (Expectancy) will lead to expected performance and the faith and belief (Instrumentality) that the performance will lead to reward. The theory is based on an individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction (MSG, 2020).

Feedback intervention theory highlights that when there is a deviation between what one ideates to achieve and the feedback received, individuals are strongly motivated to attain the highest level of performance. The practice of performance appraisal therefore assumes that informing an employee about the discrepancies between the organisation's standard and their current performance – implying that they are achieving lower than most other colleagues – will motivate the employee to achieve a higher level of performance (CIPD, 2016).

Equity theory states that employees compare themselves with each other in terms of input and outcomes. High-performers, seeing that poor performers get lower appraisal scores – and, as a consequence, receive lower rewards – might feel that an equitable balance is being established and be motivated to continue their high-quality work, whereas underperformers are motivated to put in more effort to achieve on a higher level (CIPD,2016).

Gaps Identified in current Performance management Theories, Tools and Literature are as:

- Relatable Past Performance assessment of an employee keeps a track of skills honed and yet to garner for holistic performance development. This aspect is not considered a major variable in the tools and literature on performance management and is subject to research and analysis.
- Biasness of evaluators in assessing the performance has not been recognized as a criterion in the already established frameworks of performance management. Focus on creation of a Conscious Mentor or leader is critical to avoid even the implicit or unconscious biases.
- Though in the literature studied, frequent and formal/informal check ins/conversations between manager and employee is considered critical but the frequency of such conversations

are not established or analysed. Too many or too less conversations can be detrimental for the performance management process and overwhelming for the employee and the manager.

- Goal Setting and Feedback Intervention theory assumes that an employee would be individually committed and would have the self confidence to achieve a specific goal. However, in reality to keep the morale of an employee up it becomes critical to establish transparent communication and feedback sessions regularly with team members so that they don't deviate from their assigned tasks and be committed to their objectives.
- Goals if set without keeping the skills and competencies in sight can certainly become a non-productive exercise with either a too easy to achieve or too complicated to achieve goals.
- Expectancy and Equity theory assumes that performance and rewards are directly correlated in an idealistic organisation structure. Though this correlation can be impacted via biasness of an evaluator. Also, these theories have limited references to non-monetary reward options as well, which is very prevalent today like Flexi-Work option.
- Researcher through practical experience in industry also observes that with change in attributes of roles and responsibilities, incentivization through flexibility of work place is not a major attribute discussed in the literature and previous established tools. In current scenario and for workforce, it is a critical aspect.

2.3 Detailed Explanation of VIBGYOR Framework

V- Virtues: Virtues are the primary *Skills and Competencies* of the team members. These are to be clearly defined basis the industry specific attributes. As per Society for Human Resource Management portal (SHRM, 2019), competency "Is a cluster of highly interrelated attributes, including knowledge, skills, and abilities (KSAs) that give rise to the behaviours needed to perform a given job effectively". Each team member is evaluated on these virtues. Some core competencies which are valid and applicable for human intensive service sector are as:

A) Business Astuteness/Technical Know-How

B) Stakeholder Communication

C) Change Advocacy

D) Ethical Practices

The above mentioned virtues would certainly be different for employees with different experience levels in an organisation or in industry and how the roles and responsibilities are laid out in their job descriptions.

I-Incentivize: This element will certainly act as a motivator for employees to achieve a desired project's specific result. Feedback from client and other stakeholders (internal/external) can also be used as a barometer for rewards and recognition. Performance/merit linked pay hikes/rewards are one segment and the other segment of incentivization is by being flexible during the work.

In current times, millennials who form the major part of the work force really considers the work life balance inclination over the job security before applying for work (French, 2018). Working from home is no longer a luxury but instead a requirement. Millennials want flexibility and the option for remote work. Employers like Yahoo implemented a remote work policy early on giving their employees the flexibility to be closer to their kids, ditch the commute and work from the comfort of their home (Kurtor, 2018). Usage of ICT without the location constraint is the need of an hour for the current workforce. This will help the employee feel competitive and more focused to deliver with precision, productivity and effectiveness.

B-Biasness in evaluation: When the team leaders and managers do not specify the granular details with respective to the set up goal or a task, there is high probability of evaluation being biased.

Stereotypical approach, lack of acknowledgement of technical expertise, Gender, Race & Age discrimination, Central tendancy bias, Recency bias, Spillover bias, tend to create a lot of prejudice in evaluation. This further leads to demotivation and drooping morale of the team and hit the productivity and quality standard of the project or assignment. There are also three types of biases that affect the effectiveness of a communication plan with respect to feedback or feed-forward between the team leader and the employee, regardless of how well it has been implemented. These are selective exposure, selective perception, and selective retention (Aguinis, H, 2013). These are cognitive biasness and can be imbibed by the leader or the employee, but with this the essence on the conversation is lost and the criticality fades off.

Hence, it is critical for the evaluator to take the holistic view while assessing the performance of the team. Managers have to prioritize the team's objectives rather than the individual specific aspirations. Performance, team effectiveness and value creation should always be prioritized during the evaluation. There are ineffective ratings/grades rewarded to an employee by their managers basis political realities or biasness creeping in evaluation, for example, managers may provide high ratings to their employees for a variety of reasons that have little to do with how employees are actually performing, such as:

- Belief that providing low or average ratings will reflect poorly on them as evaluators.
- Risks of angering or upsetting team members by providing low or average ratings.
- May be because it is an organizational norms for providing higher ratings.
- Liking by direct reports and hence seeking to provide higher ratings to make them happy.
- Desire to obtain the highest possible rewards for direct reports to prevent turnover (Mueller-Hanson & Dorsey, 2017).

A Conscious leader is one who is trained and educated enough to contain the implicit or unconscious biasness that seeps in evaluation unknowingly. Conscious leader speaks with integrity, lead with authenticity and hold themselves accountable, their intent is always to understand first and not just to respond, unlike the unconscious leaders who are more reactive and their ego supersedes logic and intent. Hence, to become a Conscious leader one should certainly cultivate self-awareness (act of getting to one not only as a leader but as a person), check the influence around oneself (attitude and behaviour of five people around one would influence his/her behaviour), meditate consistently (helps in reducing stress, enhance creativity, improves brain functionality), be intentional in your everyday tasks and don't make assumptions, rather ask questions and communicate confidently (Cohen, Jennifer, 2018).

To get enlightened and aware about the biasness which exists in the evaluation, an intentional bias can be identified through 360 degree feedback for evaluators or even by open conversations with the team members but for implicit or unconscious bias a tool named Implicit Assessment Test (IAT) which was curated in 1998 by three scientists from Harvard University, University of Washington and Virginia can be used. The aim of the test is to educate the public about hidden and unknown biases (Age, skin

tone, sexuality, religion, weight, disability, gender etc) and keep virtual repository active through collection of data (Project Implicit, 2011).

An organisation should take the onus of educating, training and enlightening the experienced and new team leaders of all the biases that may encounter and can seep in the evaluation. This will make the evaluation and assessment more effective and productive for the individual and the organisation as a whole. Though with education and training the implicit biased decisions would reduce but it would not cease to exist. Bias exists. And learning about implicit bias can be a critical step in initiating behaviour change for some leaders, there is limited evidence that awareness alone is an antidote to the influence of implicit bias in evaluation (Ratliff, Kate, & Smith, Colin, 2017)

G-Grading: With Goals and criteria driven actions of teams in their specific verticals, it is imperative for the Manager to quantify and assess the value generated by the actions performed by the team. This is when the grading of the employees comes into effect. Many organisations are now going away from the grading process and with more 360 degree feedback bringing in the holistic view of the stakeholders. Though the authenticity of 360 degree feedback is a debatable topic pertaining to confidentiality and effectiveness (Bracken, Rose, & Church, 2016). However there are other literature where 360 degree feedback is credited with performance improvement, improving self perception and awareness of expectations (Aguinis, H, 2013). Hence the need to identify the top performers becomes critical for their sustainability by taking feedback from extensive stakeholders. Some organisations have points systems (1-5, 1 being Highly effective and 5 being least effective) approach, some have 20-70-10 adaption of grading (20% being the Top performers followed by 70% performers meeting the expectations and remaining 10% being the non-performers), 360 degree feedback approach is followed by some and forced rating in dead locks can also be a way to grade and it still persists in today's era.

Frequency of grading with regular check-ins is important and helps in making the process more organic in nature. This grading can be project specific (multiple project per year) or quarterly grading. Along with feedbacks, grading would emphasise the valued contribution per assignment and opens the scope to improve going forward. Grading still plays a critical role in quantifying the performance

which works well for comparisons for relatable past performance. Also companies like Intel, Sun Communities, Medtronic and many more are now getting the rating/grading process back as it created healthy competitions, clear outcomes and documentation of formal feedbacks (Peter & Anna, 2016).

Yardstick - Goals, Norms, Vision and Mission, these are the yardsticks which helps a team to drive their actions towards the final objectives. A yardstick driven action would lead to specific, objective and measurable tasks which can make the team move towards the Vision and Mission of the organisation. Organizational goals need to be translated and cascaded into more refined goals and expectations at the unit, team and individual levels. The value of developing and linking goals at different levels has been extensively written about in the Management by Objectives (MBO) literature (Pulakos, 2004). MBO is defined as "parameters of strategically planning which means that harmonizing manager's aims with the employees in order to reach the objectives introduced by organization". It is a process that enthuses the employees to realize the project/organisation's set objectives. Also, it enables to enhance performance, productivity, and manager results through its employees (Islami, Mulollia & Mustafa, 2018). Together manager and employee develop the specified goals and its time frames in which these objectives are to be accomplished. It is the responsibility of the subordinate for the accomplishments of goals. Also in 1990s Locke and Latham published a work " A theory of Goal Setting & Task Performance" in which they highlighted the need to have specific goals and importance of regular feedback and its relation to improving performance for the employees. According to Locke and Latham, the five goal setting principles that can improve chances of success are Clarity, Challenge, Commitment, Feedback and Task complexity (Locke & Latham,1990).

O- Objective and Continuous Feedback: A continuous and objective driven feedback will give the employees a better scope to improve upon during the course of assessment period. Managers have to be objective in the feedback communication and this has to be a continuous process.

A one-time feedback approach before the performance evaluation period would not highlight the areas which an employee could have improved upon during the course of a year. Scope to improve and regular feedback will enhance the productivity of the project. A regular feedback sessions has to be a two way communication. *As an Imposed feedback can be more detrimental than a No Feedback*

session. Feedback has to be documented, recorded in the system for future references, this can track the practice of improvement and will certainly impact the performance evaluation.

Having effective, ongoing performance conversations between managers and employees is probably the single most important determinant of whether or not a performance management system will achieve its maximum benefits from a coaching and development perspective (SHRM, 2004). Hence, an effective conversation with Manager is pivotal for an employee to seek real and objective improvement plan. The conversation should be related to the occurrences of instances and should not be only related to idealistic behavioural expectations from the management/managers. Interest of employee can only be garnered if the value added inputs are part of the feedback sessions. These conversations can also bring in lot of external factors which can determine the proposed yardstick setting and it's adaptability within the stipulated process. Employees should also take these feedbacks into consideration for their own skill development and personality enhancement. This is critical only if an employee has a Growth Mindset which thrives on challenges and loves to improve to strive towards excellence (Popova, 2019).

R- Relatable Past performance: Past performance reviews and feedback will act as a fundamental tool to compare employee's yearly track record from previous rating period. Areas of improvement, strengths, skills identified in previous review cycle and their progress in the current review cycle is an important tool to compare and relate the individual's performance. This will also highlight the attributes which an employee has honed or still needs to develop for the next reviews and personal development.

PM based system should guide through the previous data which can be relatable to an employee and notify the improvement trajectory. This measures the past performance with current and values the measurable difference. It can be tracked and fostered for development and improvement perspective for an employee.

Hence the seven elements used in the framework are as:

V – Virtues (Skills and Competencies)

I – Incentivize

B – Biasness in Evaluation

G – Grading

Y – Yardstick (Goal & Criteria)

O- Objective and Continuous Feedback

R – Relatable Past Performance

Section – 3

3.1 Need for encompassing Performance Management Framework

There is a need to move towards more encompassing Performance Management (PM) process, that absorbs the disruption caused by the advent & usage of ICT, caters to ambitious 21st century workforce and bring teams across on a common platform to support the common objectives. But on study of literature as described above there is paucity of a set, fixed or specific framework or process around PM which has been emphasised or established to cater to the ever changing challenges of new age technology and geography diverse workforce. This lays a tremendous opportunity to establish and propose a framework which would encompass all the fundamental and important elements of the PM process which could make it more enriching and value driven for the organisation in today's disruptive ecosystem. This ecosystem demands speed, needs to cater the resources' evolving skills and the penetration of technology into the lives. The framework proposed can be applicable and agnostic considering:

- The Size of the firm
- The Sector in which it operates
- Or even the Geographic location where it is located

Considering Performance Management is a people driven exercise, where now the advent of technological advancement is getting imbibed, researcher is envisaging a framework that has fundamentally encapsulated all important and critical aspects & elements that can make the framework more holistic and value driven.

VIBGYOR framework of Performance Management is a continuous process which takes in the perspective of evaluators and employees while setting up yearly objectives and goals. It is dynamic in nature as the feedback has to regularly delivered with course correction to target the strategic objective at macro level. This framework focuses on the motivation of team members by incentivizing their efforts that adds in a lot of value and also enlightens the evaluators to be aware of the biasness

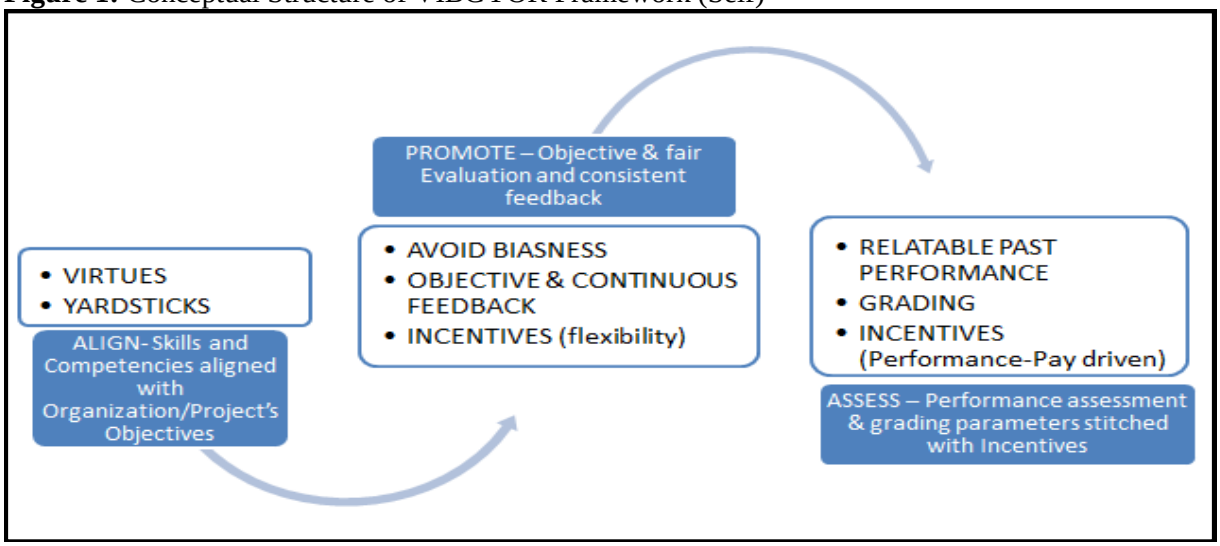
and minimize the skewed evaluation by getting trained and accustomed to the real time managerial mind-set and issues.

VIBGYOR in this ever evolving business environment and ambitious workforce focuses on performance improvement of an employee by even considering the previous rating period performance review and reviewers' training to name a few . It is a seven element dynamic Performance Management framework, which has the potential to develop the human capital and preserve their value by being aligned with the macro strategic perspective of the organisation. The proposed framework is driven by strategic objectives trickling from top of the management till the executive level, however, the value derived out of the framework shoots up from the executive level till the top management cadre. This unique proposition of VIBGYOR can make the framework critically effective for the organisation if adhered to judiciously.

Research and literature earlier has focussed on the performance management of the current review cycle and how to run it well but primarily only focussed on the implementation of the PM process which is critical and how the regular feedback and consistent focus on goals can make the PM process more effective (Aguinis, 2013; Pulakos, 2009 & Pulakos, Mueller-Hanson, O Leary & Meyrowitz, 2012). Post reviewing the literature the gap identified is lack of any framework curated that encapsulates and binds together all critical aspects and elements of efficient and effective Performance management process and conceptually related to each other. The framework also discusses factors in the past relatable performance of the employee for further holistic presentation of the performance trajectory in the current review period. Focuses on the development and analysis of data of previous review period which would act as a foundation for further enhancement of performance in current period for the employee. Enlightenment and training of the evaluators has been essentially captured in the framework as well to avoid any biasness which seeps in the evaluation.

3.2 Conceptual Framework of VIBGYOR

Figure 1: Conceptual Structure of VIBGYOR Framework (Self)


PROMOTE – Objective & fair Evaluation and consistent feedback
• VIRTUES
• YARDSTICKS
ALIGN- Skills and Competencies aligned with Organization/Project's Objectives
• AVOID BIASNESS
• OBJECTIVE & CONTINUOUS FEEDBACK
• INCENTIVES (flexibility)
• RELATABLE PAST PERFORMANCE
• GRADING
• INCENTIVES (Performance-Pay driven)
ASSESS – Performance assessment & grading parameters stitched with Incentives

The Conceptual Structure of VIBGYOR highlights the operational implementation of the framework that focuses on Alignment of the Goals and Yardsticks of the organisation/project with the individual skills and competencies. Appropriate objective/goals affiliated with right skills and competencies of resources would empower the team for speedy and quality execution.

This further leads to Promote regular intervals conversations with the employee by their managers to share feedbacks for course correction or suggestions (if any). An unbiased and fair feedback is desirable for appropriate process correction and skill enhancement in tandem for the employee.

Lastly the Assessment phase of the framework mentions the Grading process where the criticality of being objectively graded id stressed upon. This grading of performance links the incentives for the employee and his/her pervious performance track is analysed too for cyclical performance assessment.

The framework factors in the literature gaps and variable which were analysed by the researcher:

- Relatable past performance of a team member/employee brings to fore the incremental impact (positive or negative) on the performance. This paves in way for the next course of action
- Managers are at the heart of the Performance Management process and hence their training to mentor the team in volatile environment, needed soft skills to facilitate performance conversations and even nudge team members for extended achievements, is a critical aspect taken into consideration in the framework. A conscious mentor would be an effective enabler for a fair Performance Management process.

- The feedback conversations – It's frequency of the check-ins by a conscious mentor/manager/leader would make the operational functioning of the framework more qualitatively driven.
- Incentivization through Non-Monetary rewards like flexibility of work place is also categorised as an essential aspect in the VIBGYOR framework.

Section – 4

4.1 Objective of the Study

After critically reviewing the current literature and exploring the need of the study, the key objectives of present study are:

1. To identify the effectiveness of elements of VIBGYOR framework in consulting sector as a Performance Management Tool
2. To assess the significance of the related past performance and regular feedback interventions as significant factors for an efficient VIBGYOR framework
3. To identify and highlight the inter-relatedness of the elements in VIBGYOR framework
4. To determine effectiveness of flexi-work option as an incentive in VIBGYOR framework

4.2 Hypothesis and Methodology

4.2.1 Hypothesis

Hypothesis formulation will help to study and explore the relatedness of the elements of the framework which in turn will identify the value creation and effectiveness of the VIBGYOR model of performance management. The Hypothesis to be tested are as:

A) Ha – There is significant level of effect of flexible work option on the motivation level of employees

B) Ha – There is significant level of effect of Monetary Incentives on the motivation level of employees

C) Ha – There is significant impact of evaluators' biasness on the Performance management process

D) Ha – Grading is a relevant performance quantification tool in the Performance management process

E) Ha – There is significant impact on performance and motivation level by setting frequent yardsticks on the Performance management process for an employee

F) Ha – There is significant impact of having continuous and objective feedback sessions (minimum 4/year) on the Performance management process for an employee

G) Ha– There is significant impact of relatable past performance on employee's Performance management process

4.2.2 Research Methodology

This research work shall be a descriptive as well as analytical in nature based on survey/observation/interview techniques.

4.2.2.1 Scope of the Study

Consulting Industry in India will be the primary focussed group for the present study as it is human resource extensive and involves critically in talent development to meet the demand of the industry.

4.2.2.2 Sample Unit

There are multiple consulting firms worldwide serving variety of industries but there are few who claim to be the best in the business. According to Vault.com and Consulting.com, Big 4 continues to lead the pack in the consulting sector and other firms like Mckinsey, Boston Consulting Group and AT Kearney too dominate the Top 10 listing in the consulting sector.

However, for this research the Indian diaspora of Consulting Industry will be studied in firms like Big 4, IT/ITes Consulting, Banking and Finance sector specific consulting firms and other consulting firms which has India presence. Though prominently KPMG, EY, Deloitte and Price Waterhouse Group, namely called as Big 4s are likely to handle the audits of 283 companies in the Nifty 500 index for 2019-20, as per a joint report by Prime Database Group NSE. And of all listed firms on the NSE, the Big 4 are auditors for 26% of the 1,813 companies (BloombergQuint,2019).

4.2.2.3 Calculation of Sample Size

It is critical to choose the most appropriate sample size for the research as very less sample size will give inappropriate results and very large sample size would lead to wastage of resources like time, effort and money. Hence, following the Cochran's formula for large population (infinite) will be used to arrive at a representative number of respondents (EDUCBA, 2020).

S = (Z^2 * P * Q) / E^2

Based on calculation of sample size (refer Appendix), the preliminary sample size is computed to be 299.

S = Sample size of the Population

Z= Z Value (Taking at specific Confidence level)

P= Population Proportion (assuming to be 50-75% as this would lead to maximum sample size and variability in the calculation)

E = Desired level of Precision/ Margin of Error at ± 4-10% (Based on Scenarios – See Appendix)

In this study hence the minimum expected total number of contacts is computed at 299 on the basis of above formula computation that will make it the true representation of the population.

4.2.2.4 Statistical Techniques

To achieve the objectives of the study and to test the corresponding hypotheses, the following tools will be used.

Objectives of the Study	**Statistical Techniques**
1. To explore the effectiveness of related past performance and regular feedback interventions as the core aspects of the VIBGYOR framework	Correlation and Regression
2. To elucidate the impact of inter-relatedness of the variables in the VIBGYOR framework	Correlation and Regression
3. To identify the effectiveness of elements of VIBGYOR framework in consulting sector as a Performance Management Tool	Correlation and Regression
4. To determine the effectiveness of flexi-work option as an incentive in VIBGYOR framework	Correlation and Regression

Also descriptive statistics (Mean, standard deviation) and Cronbach's alpha coefficient will be used or any other appropriate statistical tool will be used once the data is collated.

4.2.2.5 Sampling Technique

Judgemental Sampling will be used in this study on multi-layered Top, Middle and Lower Level executives of the organisations. Judgemental/Purposive sampling would allow researcher to select more accurate and representative sample from the industry at various levels that can bring in more precise results and holistic knowledge on the subject across levels.

4.2.2.6 Data collection instruments

To fulfil the objectives and test hypotheses both primary and secondary data will be used.

- **Primary data collection**

To support research objectives, primary data will be collected through personal interview, constructed questionnaire and observation method. Specific companies like Audit Firms, IT/ITes and Management Consultancies in the consulting industry would be identified to carry out the interviews (Top – Mid - Lower level executives) and to fill up the questionnaires.

- **Secondary data collection**

Secondary data will be collected through:

- Magazines like SHRM monthly magazine, People Matters Journals, Harvard Business Review, Mckinsey Quarterly journal
- Newspapers like The Economic Times, Mint, The Hindu and others
- Websites like SHRM, People Matters, HR.com, TLNT.com
- Books and Journals based on Performance Management and HR insights.
- Published and Unpublished source like dissertations.

Section- 5

Proposed Chapterization

The thesis will contain the following chapters:

Chapter 1 – Introduction

Chapter 2 – Review of Literature with Conceptual Framework

Chapter 3- Research design and Methodology

Chapter 4 – Data Collection and Analysis

Chapter 5 - Results and Interpretation

Chapter 6 – Conclusion, Suggestions and Recommendations

- Bibliography and References
- Appendix

References

NAHT. (1991). Performance Management Guide, National Association of Head Teachers, West Sussex.

UC Berkley, People & Culture. (2020). Performance Management: Concepts & Definition. https://hr.berkeley.edu/hr-network/central-guide-managing-hr/managing-hr/managing-successfully/performance-management/concepts

Alaganandan, P. & Ganesh, S. (2016). Performance Management in India- A Change beckons

Society for Human Resource Management. (2019). Competencies Overview. https://www.shrm.org/certification/about/body-of-competency-and knowledge/Pages/Competencies-Overview.aspx

French, K. (2018). Millennials prioritising work-life balance over job security, study finds. https://www.telegraph.co.uk/news/2018/11/19/millennials-prioritising-work-life-balance-job-security-applying/

Solan, N., Agarwal, D., Stacia, G., & Pastakia, K. (2017). Deloitte Global Human Capital Trends, Performance Management – Play a winning hand

Kurtor, L. H. (2018). 5 Ways Millennials are shaking up the workforce from the bottom up. https://www.forbes.com

Islami, X., Mulolli, E., & Mustafa, N. (2018). Using Management by Objectives as a performance appraisal tool for employee satisfaction. Future business Journal, 4, 94-108.

Ewenstein, Boris., Hancock, Bryan., & Komm, Asmus.(2016). Ahead of the curve: The future of performance management. Mckinsey Quarterly.

Robert S K, & Norton D.P. (1992) The Balanced Scorecard -measures that drive performance. Harvard Business Review, January-February, 71-79.

Kaplan S R. & Norton D.P. (1996) Balanced Scorecard. Translating Strategy into Action. Harvard Business School Press.

Mueller-Hanson, R. A. & Dorsey, D. (2017). Society for Human Resource Management. Performance Management that makes a difference: An evidence based approach. SHRM Foundation Science to Practice Series

Schrage, M., Kiron, D., Hancock, B. & Berschi, R. (2019). Performance management's digital shift. MIT Sloan Management review.

Aguinis, H. (2013). Performance management (3rd ed).Boston, MA: Pearson.

Pulakos, E. D. (2009). Performance management: New approach for driving business results. Oxford, England: Wiley-Blackwell.

Pulakos, E. D., Mueller-Hanson, R. A., O Leary, R. S., & Meyrowitz, M. M. (2012). Building a high-performance culture: A fresh look at performance management. SHRM Foundation Effective Practice Guidelines Series. Alexandria, VA: SHRM Foundation

Bracken, D.W., Rose, D.S., & Church, A.H. (2016). The Evolution and Devolution of 360 ° Feedback. Society for Industrial and Organizational Psychology

Pulakos, E. D. (2004). Performance Management- A roadmap for developing, implementing and evaluating performance management systems. SHRM Foundation Effective Practice Guidelines Series. Alexandria, VA: SHRM Foundation

Neely, A., Adams, C, & Kennerley, M. (2002) Performance Prism: The Scorecard for Measuring and Managing Business Success. Financial Times Prentice Hall.

Rillo, M. (2007). Limitations of Balanced Score Card. Tallinn Technical University.

Locke, E.A., & Latham, G.P. (1990). A theory of goal setting and task performance. Englewood Cliffs. NJ:Prentice Hall.

Popova, Maria. (2014). Brain Pickings. https://www.brainpickings.org/2014/01/29/carol-dweck-mindset/

Cappelli, Peter., & Tavis, Anna. (2016). The Performance Management Revolution. Harvard Business Review, October 2016 issue. https://hbr.org/2016/10/the-performance-management-revolution

Ratliff, Kate., & Smith, Colin. (2017). Measuring the implicit biases we may not even be aware we have. https://theconversation.com/measuring-the-implicit-biases-we-may-not-even-be-aware-we-have-74912

Cohen, Jennifer. (2018). 5 Ways to become a Conscious Leader. https://www.forbes.com/sites/jennifercohen/2018/07/19/5-ways-to-be-a-conscious-leader/#3fbd952f61ca

Project Implicit. (2011). https://implicit.harvard.edu/implicit/aboutus.html

Budhiraja, Sandeep. (2020). Consulting Industry in India: Prospects and Challenges. https://www.consultantsreview.com/ceoinsights/consulting-industry-in-india-prospects-challenges-vid-679.html

Statista. (2020). Size of Global Management Consulting Market from 2011 to 2020. https://www.statista.com/statistics/466460/global-management-consulting-market-size-by-sector

EDUCBA. (2020). Sample Size Formula. https://www.educba.com/sample-size-formula/

BloombergQuint. (2019). In Charts: How Big Are The Big 4 In India. https://www.bloombergquint.com/business/in-charts-how-big-are-the-big-4-in-india

Darino, Lucia., Sieberer, Marcus., Vos, Arthur., & Williams, Owain. (2019). Performance Management in Agile Organisations. https://www.mckinsey.com/business-functions/organization/our-insights/performance-management-in-agile-organizations#

Hancock, Bryan., Hioe, Elizabeth., & Schaninger, Bill. (2018). The Fairness factor in Performance Management. McKinsey Quarterly, April, 2018 issue.

Management Study Guide, (2020). https://www.managementstudyguide.com/expectancy-theory-motivation.htm

Chartered Institute of Personnel and Development (CIPD), (2016). Technical Report, December, 2016 issue

Appendix

Calculation of Sample Size

While taking statistical approach for computation of sample size, various quantitative measures are to be considered while determining the sample size using Cochran's formula, which are as follows:

S = (Z^2 * P * Q) / E^2

As an example at, 95% Confidence Level and with 5% of Margin of Error the Sample size for large population accounts to 384. S= 384

S = Sample size of the Population | Z= Z Value (Taking at 1.96 for 95% Confidence level)

P= Population Proportion variability (assumed to be 50% as this would lead to maximum sample size)

E = Desired level of Precision/ Margin of Error at ±5% (.05) | Q = (1-P)

However, now in order to obtain a representative and realistic sample size, the results of sample size from various scenarios are to be compared:

- Scenario 1- Estimating a low Population Variability and low degree of precision.
- Scenario 2- Estimating a moderate Population Variability and moderate degree of precision.
- Scenario 3- Estimating a high Population Variability and high degree of precision.

Table: Comparative analysis taking different "E" and "P" values

	Z	P	Q	E	Sample Size
Scenario 1	1.96	50%	50%	10%	96
Scenario 2	1.96	65%	35%	5%	350
Scenario 3	1.96	75%	25%	4%	450
				Average	**299**

Thus the expected total number of contacts is computed to be **299.**